

TOWN OF EAST LONGMEADOW,
MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2010

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of East Longmeadow, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Longmeadow, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011, on our consideration of the Town of East Longmeadow, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, appearing on pages 3 through 12, be presented to supplement the basic financial statements. Such information, although not a part of the

basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Longmeadow, Massachusetts' financial statements as a whole. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Scanlon & Associates, LLC

Scanlon & Associates, LLC
January 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of East Longmeadow, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

- The Town's assets exceeded its liabilities by \$39,652,354 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$44,984,556 or a decrease of \$5,332,202.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$29,197,555 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$4,302,036 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
 - (3) Unrestricted net assets of \$6,152,763 represent a portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$10,251,849 this year. This compares to the prior year ending fund balance of \$14,253,417 showing a decrease of \$4,001,568 during the current year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$3,998,038, or 7.98% of total General Fund expenditures including transfers and 8.11% of total General Fund revenues including transfers.
- Total liabilities of the Town increased by \$4,849,927 to \$48,578,521 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve, as an introduction to the Town of East Longmeadow's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in

net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the sewer and water activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of East Longmeadow adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of propriety fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Statement of Net Assets Highlights

	Governmental Activities		
	2010	2009	Change
Assets:			
Current assets	\$ 17,595,531	\$ 19,255,360	\$ (1,659,829)
Noncurrent assets (excluding capital assets)	5,456,027	6,313,068	(857,041)
Capital assets	41,366,209	38,275,518	3,090,691
Total assets	64,417,767	63,843,946	573,821
Liabilities:			
Current liabilities (excluding debt)	2,283,826	3,026,320	(742,494)
Noncurrent liabilities (excluding debt)	8,597,706	3,227,890	5,369,816
Current debt	5,937,965	2,415,337	3,522,628
Noncurrent debt	21,331,807	23,730,604	(2,398,797)
Total liabilities	38,151,304	32,400,151	5,751,153
Net Assets:			
Capital assets net of related debt	20,409,505	19,594,615	814,890
Restricted	3,264,369	4,328,264	(1,063,895)
Unrestricted	2,592,589	7,520,916	(4,928,327)
Total net assets	26,266,463	31,443,795	(5,177,332)

	Business-Type Activities		
	2010	2009	Change
Assets:			
Current assets	\$ 4,768,353	\$ 5,523,307	\$ (754,954)
Noncurrent assets (excluding capital assets)	236,452	278,838	(42,386)
Capital assets	18,808,303	19,067,059	(258,756)
Total assets	23,813,108	24,869,204	(1,056,096)
Liabilities:			
Current liabilities (excluding debt)	379,532	425,424	(45,892)
Noncurrent liabilities (excluding debt)	27,432	27,165	267
Current debt	856,008	855,601	407
Noncurrent debt	9,164,245	10,020,253	(856,008)
Total liabilities	10,427,217	11,328,443	(901,226)
Net Assets:			
Capital assets net of related debt	8,788,050	8,191,205	596,845
Restricted	1,037,667	1,041,625	(3,958)
Unrestricted	3,560,174	4,307,931	(747,757)
Total net assets	13,385,891	13,540,761	(154,870)

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2010	2009	Change
Program Revenues:			
Charges for services	\$ 2,717,277	\$ 2,653,366	\$ 63,911
Operating grants and contributions	16,332,387	16,143,412	188,975
Capital grants and contributions	430,640	511,073	(80,433)
General Revenues:			
Property taxes	31,247,974	30,139,723	1,108,251
Motor vehicle excise and other taxes	1,792,228	1,845,837	(53,609)
Penalties and interest on taxes	228,036	170,249	57,787
Nonrestricted grants	1,468,586	1,747,716	(279,130)
Unrestricted investment income	155,733	250,751	(95,018)
Miscellaneous	10,363	13,204	(2,841)
Total revenues	54,383,224	53,475,331	907,893
Expenses:			
General government	2,056,719	1,842,356	214,363
Public safety	3,603,345	3,459,973	143,372
Public works	4,712,512	4,662,007	50,505
Education	29,420,595	28,250,037	1,170,558
Health and human services	479,210	474,431	4,779
Culture and recreation	1,413,171	1,385,175	27,996
Employee benefits and insurance	16,583,391	13,314,845	3,268,546
State assessments	265,044	226,439	38,605
Interest	1,026,299	1,043,255	(16,956)
Total expenses	59,560,286	54,658,518	4,901,768
Transfers, net	(270)	-	(270)
Special Item:			
MSBA grant reduction	-	(3,212,589)	3,212,589
Change in net assets	(5,177,332)	(4,395,776)	(781,556)
Net assets - beginning of year	31,443,795	35,839,571	(4,395,776)
Net assets - end of year	\$ 26,266,463	\$ 31,443,795	\$ (5,177,332)

	Business-Type Activities		
	2010	2009	Change
Program Revenues:			
Charges for services	\$ 3,043,878	\$ 3,181,333	\$ (137,455)
Operating grants and contributions	3,056	3,097	(41)
Total revenues	3,046,934	3,184,430	(137,496)
Expenses:			
Water	1,758,245	1,792,571	(34,326)
Sewer	1,443,829	1,451,986	(8,157)
Total expenses	3,202,074	3,244,557	(42,483)
Transfers, net	270	-	270
Change in net assets	(154,870)	(60,127)	(94,743)
Net assets - beginning of year	13,540,761	13,600,888	(60,127)
Net assets - end of year	\$ 13,385,891	\$ 13,540,761	\$ (154,870)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$39,652,354 at the close of FY 2010.

Net assets of \$29,197,555 (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$4,302,036 (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$6,152,763 (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The governmental activities net assets decreased by \$5,177,332 during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenue by \$5,177,062 and transfers to the business-type activities of \$270. Of this decrease, \$5,367,051 is the result of recognizing this year's OPEB obligation.

There was a decrease of \$154,870 in net assets reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$83,808 attributed to the water department and a decrease of \$238,678 attributed to the sewer department.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$10,251,849. Of this year-end total, \$3,998,038 is the unreserved/undesignated general fund balance, indicating availability for continuing Town service requirements. Reserved and designated fund balances include \$750,640 committed to liquidate encumbrances and carried forward articles remaining from the prior year; \$894,383 in funds designated for fiscal year 2011; \$6,199,220 in special revenue funds; \$(1,611,465) in capital projects fund; and \$21,033 in permanent funds.

The deficit of \$(1,611,465) in the capital projects fund includes the following projects that ended fiscal year 2010 with negative fund balances: \$170,063 in department of public works equipment; \$358 in the GIS project; \$51,544 in information technology connectivity; \$44,136 in police projects; \$1,250,000 in the purchase of land; \$9,451 in recreation projects; \$428,667 in school improvement projects; and \$68,744 in sidewalk construction due to the fact that interim financing is being accomplished with bond anticipation notes. A total of \$3,539,168 in bond anticipation notes was outstanding. Permanent financing will be done once the project nears completion. At that time the deficits will be eliminated.

The total ending fund balances of the governmental funds shows a decrease of \$4,001,568 in comparison with the prior year. This increase was mainly due to expenditures exceeding revenues by \$4,001,298 and transfers out to the business-type funds of \$270.

Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, unreserved/undesignated fund balance of the general fund was \$3,998,038, while total fund balance reached \$5,643,061. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and revenues and transfers. Unreserved/undesignated fund balance represents 7.98% of total general fund expenditures including transfers and total fund balance represents 11.26% of that same amount. Unreserved/undesignated fund balance represents 8.11% of total general fund revenues including transfers and total fund balance represents 11.45% of that same amount.

The fund balance of the general fund decreased by \$834,478. Of this amount \$516,648 was attributed to expenditures over revenues, \$250,000 of net transfers to the stabilization fund, \$67,560 of net transfers to the nonmajor governmental funds and \$270 of transfers to the business-type activities.

The *Stabilization Fund* has accumulated a fund balance of \$1,753,163, or 3.50% of total general fund expenditures including transfers and 3.56% of total general fund revenues including transfers. These funds can be used for general or capital purposes upon Town meeting approval.

The fund balance of the stabilization fund increased by \$259,427. Of this amount \$9,427 was attributed to interest income and \$250,000 of net transfers from the general fund. Please refer to Note 3G for additional information.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The *Water Fund* is the financing and operations of the Town's water system. The water fund shows an increase of \$83,808 in total operations, the result of operating revenues exceeding operating expenditures of \$312,584, intergovernmental revenues of \$1,714 and interest expense of \$230,490.

The *Sewer fund* is the financing and operations of the Town's sewer system. The sewer fund shows a decrease of \$238,678 in total operations, the result of operating expenditures exceeding revenues of \$50,067, intergovernmental revenues of \$1,342, interest expense of \$190,223 and \$270 in transfers from the general fund.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2010 was \$46,058,826. This was an increase of \$1,273,470 over the previous year's budget.

There was an increase of \$631,000 between the original budget and the final amended budget. The increase is attributed to the Town appropriating an additional \$482,000 for principal on debt and \$149,000 for interest on debt. Of the \$951,868 in under budget expenditures \$750,640 has been carried over to fiscal year 2011.

There are negative variances in excise and other taxes and interest on investments of \$8,091 and \$153,694, respectively. The negative variance in excise and other taxes is the result of a decline in vehicle sales and an increase in vehicle age. The negative variance in interest on investments was attributed to a drop in interest rates.

There was a negative variance in public works of \$148,584 primarily from snow and ice expenditures exceeding the amount budgeted. There was a negative variance in state assessments of \$23,317. This is the result of underestimates in the RMV non-renewal surcharge assessment of \$1,220 and in the school choice assessment of \$27,900 and an overestimate in the school charter assessment of \$5,803. Both the principal and

interest debt service ended the year in budget deficits of \$7,216 and \$7,156, respectively.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2010 amounts to \$41,366,209 in governmental type funds and \$18,808,303 in business type funds.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Land for \$1,250,000.
- Two police vehicles for \$56,905.
- Police station roof for \$54,900.
- Fire truck for \$212,042.
- Sweeper for \$149,000.
- Road and sidewalk reconstruction for \$832,698.
- GIS system for \$31,245.
- School buses for \$503,915.
- Various school renovations for \$1,773,642.
- Senior center renovations for \$245,817.

Major capital events during the current fiscal year in the business-type funds included the following:

- Sewer GIS system for \$12,380.
- Sewer pump station modifications for \$77,648.
- Water meters for \$152,350.
- Water GIS system for \$15,328.
- Water tower for \$31,040.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2010, totaled \$23,730,604, of which \$15,419,600 is for school projects, \$1,430,000 is for the new library, \$100,000 is for the fire station, \$294,604 for the GIS project, \$955,000 for remodeling projects, \$20,000 for parking lot and lighting, \$37,200 in town building improvements, Mountainview school roof replacement for \$464,500, Meadowbrook school excavate and replace oil tank for \$42,500, backhoe/loader/front end for \$39,600, IT fiber connectivity for \$21,600, departmental equipment for \$50,000, fire engine rehabilitation for \$14,000, senior center for \$285,000, computer hardware for \$100,000, Town hall remodeling for \$35,000, parking lot lighting for \$12,000, telecommunications for \$40,000 and a municipal purpose loan for \$4,370,000 issued in fiscal year 2009.

The Town's governmental debt also includes a bond anticipation note for various capital projects in the amount of \$3,539,168.

The business-type funds have \$10,020,253 in long-term debt. Of this, \$5,587,523 consists of water debt and \$4,432,730 of sewer debt.

Please refer to notes 3C, 3E and 3F for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of East Longmeadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 60 Center Square, East Longmeadow, Massachusetts.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 13,590,206	\$ 4,113,729	\$ 17,703,935
Investments	904,821	-	904,821
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,202,049	-	1,202,049
Deferred Property Taxes	27,425	-	27,425
Tax Liens	140,485	-	140,485
Excise and Other Taxes	103,039	-	103,039
User Charges	-	544,960	544,960
Departmental	13,256	-	13,256
Special Assessments	-	109,664	109,664
Due from Other Governments	1,613,891	-	1,613,891
Other	359	-	359
Total current assets	17,595,531	4,768,353	22,363,884
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	236,452	236,452
Due from Other Governments	5,456,027	-	5,456,027
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	5,623,681	-	5,623,681
Depreciable	35,742,528	18,808,303	54,550,831
Total noncurrent assets	46,822,236	19,044,755	65,866,991
Total Assets	64,417,767	23,813,108	88,230,875
LIABILITIES			
CURRENT:			
Warrants Payable	1,240,386	283,380	1,523,766
Accrued Payroll	148,637	6,701	155,338
Employee Withholdings	157,208	-	157,208
Tax Refund Payable	36,800	-	36,800
Accrued Interest	375,655	59,935	435,590
Compensated Absences	325,140	29,516	354,656
Bond Anticipation Notes Payable	3,539,168	-	3,539,168
Bonds Payable	2,398,797	856,008	3,254,805
Total current liabilities	8,221,791	1,235,540	9,457,331
NONCURRENT:			
Compensated Absences	127,200	27,432	154,632
OPEB Obligation Payable	8,470,506	-	8,470,506
Bonds Payable	21,331,807	9,164,245	30,496,052
Total noncurrent liabilities	29,929,513	9,191,677	39,121,190
Total Liabilities	38,151,304	10,427,217	48,578,521
NET ASSETS:			
Invested in Capital Assets, net of related debt	20,409,505	8,788,050	29,197,555
Restricted for:			
Capital Projects	1,927,703	1,037,667	2,965,370
Federal & State Grants	315,982	-	315,982
Permanent Funds	21,033	-	21,033
Other Purposes	999,651	-	999,651
Unrestricted	2,592,589	3,560,174	6,152,763
Total Net Assets	\$ 26,266,463	\$ 13,385,891	\$ 39,652,354

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 2,056,719	\$ 176,044	\$ 562,186	\$ -	\$ (1,318,489)	\$ -
Public Safety	3,603,345	388,175	108,956	-	(3,106,214)	-
Public Works	4,712,512	182,315	-	430,640	(4,099,557)	-
Education	29,420,595	1,497,317	11,016,715	-	(16,906,563)	-
Health and Human Services	479,210	7,010	158,067	-	(314,133)	-
Culture and Recreation	1,413,171	466,416	39,091	-	(907,664)	-
Employee Benefits and Insurance	16,583,391	-	4,262,733	-	(12,320,658)	-
State Assessments	265,044	-	-	-	(265,044)	-
Interest	1,026,299	-	184,639	-	(841,660)	-
Total Governmental Activities	59,560,286	2,717,277	16,332,387	430,640	(40,079,982)	-
Business-Type Activities:						
Water	1,758,245	1,840,339	1,714	-	-	83,808
Sewer	1,443,829	1,203,539	1,342	-	-	(238,948)
Total Primary Government	\$ 62,762,360	\$ 5,761,155	\$ 16,335,443	\$ 430,640	(40,079,982)	(40,235,122)
General Revenues:						
Property Taxes					31,247,974	-
Motor vehicle and other excise taxes					1,792,228	-
Penalties & Interest on taxes					228,036	-
Grants & Contributions not restricted to specific programs					1,468,586	-
Unrestricted Investment Income					155,733	-
Miscellaneous					10,363	-
<i>Transfers, net</i>					(270)	270
Total General Revenues and Special Items					34,902,650	270
Change in Net Assets					(5,177,332)	(154,870)
Net Assets:						
Beginning of year					31,443,795	13,540,761
End of year					\$ 26,266,463	\$ 13,385,891
						\$ 39,652,354

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,517,449	\$ 1,753,163	\$ 6,319,594	\$ 13,590,206
Investments	904,821	-	-	904,821
Receivables, net of allowance for uncollectibles:				
Property Taxes	1,199,525	-	2,524	1,202,049
Deferred Property Taxes	27,425	-	-	27,425
Tax Liens	140,485	-	-	140,485
Excise and Other Taxes	103,039	-	-	103,039
Departmental	300	-	12,956	13,256
Due from Other Governments	6,405,104	-	664,814	7,069,918
Other assets	359	-	-	359
Total Assets	\$ 14,298,507	\$ 1,753,163	\$ 6,999,888	\$ 23,051,558
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants Payable	\$ 668,033	\$ -	\$ 572,353	\$ 1,240,386
Accrued Payroll	148,637	-	-	148,637
Employee withholdings	157,208	-	-	157,208
Tax Refund Payable	33,000	-	3,800	36,800
Deferred Revenue:				
Property Taxes	1,031,525	-	2,524	1,034,049
Other	6,617,043	-	26,418	6,643,461
Bond Anticipation Notes Payable	-	-	3,539,168	3,539,168
Total Liabilities	8,655,446	-	4,144,263	12,799,709
Fund Balance:				
Reserved For:				
Encumbrances and continuing appropriations	750,640	-	-	750,640
Unreserved:				
Designated for Subsequent Years' Expenditures	894,383	-	-	894,383
Undesignated, reported in:				
General Fund	3,998,038	-	-	3,998,038
Special Revenue	-	1,753,163	4,446,057	6,199,220
Capital Projects	-	-	(1,611,465)	(1,611,465)
Permanent Funds	-	-	21,033	21,033
Total Fund Balance	5,643,061	1,753,163	2,855,625	10,251,849
Total Liabilities and Fund Balance	\$ 14,298,507	\$ 1,753,163	\$ 6,999,888	\$ 23,051,558

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 31,001,197	\$ -	\$ 201,126	\$ 31,202,323
Intergovernmental	10,976,186	-	3,834,531	14,810,717
Excise and Other Taxes	1,791,909	-	-	1,791,909
Charges for Services	-	-	2,314,868	2,314,868
Licenses, Permits, Fees	446,676	-	-	446,676
Interest on Taxes	228,036	-	-	228,036
Interest on Investments	146,306	9,427	4,236	159,969
Other	-	-	387,474	387,474
Intergovernmental - "On-behalf" Payments	4,262,733	-	-	4,262,733
Total Revenues	48,853,043	9,427	6,742,235	55,604,705
Expenditures:				
Current:				
General Government	1,748,126	-	1,525,700	3,273,826
Public Safety	3,097,984	-	644,908	3,742,892
Public Works	4,351,694	-	1,069,644	5,421,338
Education	24,106,914	-	6,165,852	30,272,766
Health and Human Services	303,891	-	369,082	672,973
Culture and Recreation	794,417	-	461,126	1,255,543
Employee Benefits and Insurance	11,216,340	-	-	11,216,340
State Assessments	265,044	-	-	265,044
Debt Service:				
Principal	2,415,337	-	-	2,415,337
Interest	1,069,944	-	-	1,069,944
Total Expenditures	49,369,691	-	10,236,312	59,606,003
Excess of Revenues Over (Under) Expenditures	(516,648)	9,427	(3,494,077)	(4,001,298)
Other Financing Sources (Uses):				
Operating Transfers In	438,316	250,000	505,876	1,194,192
Operating Transfers Out	(756,146)	-	(438,316)	(1,194,462)
Total Other Financing Sources (Uses)	(317,830)	250,000	67,560	(270)
Net Change in Fund Balances	(834,478)	259,427	(3,426,517)	(4,001,568)
Fund Balances, Beginning of Year	6,477,539	1,493,736	6,282,142	14,253,417
Fund Balances, End of Year	\$ 5,643,061	\$ 1,753,163	\$ 2,855,625	\$ 10,251,849

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets
For the Year Ended June 30, 2010

Total Governmental Fund Balances		\$ 10,251,849
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		41,366,209
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		7,677,510
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds Payable	\$ (23,730,604)	
Other Post Employment Benefits Payable	(8,470,506)	
Compensated Absences	<u>(452,340)</u>	(32,653,450)
In statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(375,655)</u>
Net Assets of Governmental Activities		<u><u>\$ 26,266,463</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds **\$ (4,001,568)**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay Purchases	\$ 5,110,164	
Depreciation	<u>(2,019,473)</u>	3,090,691

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. (1,363,996)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Repayment of Debt Principal	2,415,337
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	5,610	
Net Change in Other Post Employment Benefits	(5,367,051)	
Net Change in Accrued Interest on Long-Term Debt	<u>43,645</u>	<u>(5,317,796)</u>

Change in Net Assets of Governmental Activities **\$ (5,177,332)**

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original	Final	Budgetary	Carried	Final Budget
	Budget	Budget	Basis	Forward	Positive
				to Next Year	(Negative)
Revenues:					
Property Taxes	\$ 31,046,392	\$ 30,926,392	\$ 31,026,777	\$ -	\$ 100,385
Intergovernmental	10,941,587	10,941,587	10,976,186	-	34,599
Excise and Other Taxes	1,800,000	1,800,000	1,791,909	-	(8,091)
Licenses, Permits, Fees	378,010	378,010	446,676	-	68,666
Interest on Taxes	60,000	60,000	228,036	-	168,036
Interest on Investments	300,000	300,000	146,306	-	(153,694)
Total Revenues	44,525,989	44,405,989	44,615,890	-	209,901
Expenditures:					
Current:					
General Government	2,203,922	2,203,922	1,748,126	316,681	139,115
Public Safety	3,134,109	3,134,109	3,097,984	6,369	29,756
Public Works	4,318,058	4,318,058	4,351,694	114,948	(148,584)
Education	24,434,977	24,434,977	24,106,914	302,168	25,895
Health and Human Services	339,680	339,680	303,891	564	35,225
Culture and Recreation	805,464	805,464	794,417	618	10,429
Employee Benefits and Insurance	7,109,980	7,109,980	6,953,607	9,292	147,081
State Assessments	241,727	241,727	265,044	-	(23,317)
Debt Service:					
Principal	1,926,121	2,408,121	2,415,337	-	(7,216)
Interest	913,788	1,062,788	1,069,944	-	(7,156)
Total Expenditures	45,427,826	46,058,826	45,106,958	750,640	201,228
Excess of Revenues Over (Under) Expenditures	(901,837)	(1,652,837)	(491,068)	(750,640)	411,129
Other Financing Sources (Uses):					
Operating Transfers In (Out)	193,356	(312,790)	(317,830)	-	(5,040)
Total Other Financing Sources (Uses)	193,356	(312,790)	(317,830)	-	(5,040)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(708,481)	(1,965,627)	(808,898)	(750,640)	406,089
Budgetary Fund Balance - Beginning of Year	6,316,959	6,316,959	6,316,959	-	-
Budgetary Fund Balance - End of Year	\$ 5,608,478	\$ 4,351,332	\$ 5,508,061	\$ (750,640)	\$ 406,089

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2010

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 44,615,890	\$ 45,106,958
Net Increase in Revenue from recording Refund Taxes Payable	45,120	-
Recognition of intergovernmental Revenue - "on behalf payments"	4,262,733	-
Recognition of Expenditures - "on behalf payments"	-	4,262,733
Net Decrease in Revenue from Recording 60-Day Receipts	(70,700)	-
Reported on a GAAP Basis	<u>\$ 48,853,043</u>	<u>\$ 49,369,691</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010

		Business-Type Activities Enterprise Funds		
		Water Fund	Sewer Fund	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$	1,431,009	\$ 2,682,720	\$ 4,113,729
Receivables, net of allowance for uncollectibles				
User Charges		329,315	215,645	544,960
Special Assessments		1,762	107,902	109,664
Total current assets		1,762,086	3,006,267	4,768,353
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special Assessments		12,040	224,412	236,452
Capital Assets, net of accumulated depreciation:				
Depreciable		10,445,313	8,362,990	18,808,303
Total noncurrent assets		10,457,353	8,587,402	19,044,755
Total Assets		12,219,439	11,593,669	23,813,108
LIABILITIES				
CURRENT:				
Warrants Payable		128,576	154,804	283,380
Accrued Payroll		3,122	3,579	6,701
Accrued Interest		30,098	29,837	59,935
Compensated Absences		14,256	15,260	29,516
Bonds Payable		478,749	377,259	856,008
Total current liabilities		654,801	580,739	1,235,540
NONCURRENT:				
Compensated Absences		22,421	5,011	27,432
Bonds Payable		5,108,774	4,055,471	9,164,245
Total noncurrent liabilities		5,131,195	4,060,482	9,191,677
Total Liabilities		5,785,996	4,641,221	10,427,217
NET ASSETS:				
Invested in Capital Assets, net of related debt		4,857,790	3,930,260	8,788,050
Restricted for Capital		302,539	735,128	1,037,667
Unrestricted		1,273,114	2,287,060	3,560,174
Total Net Assets	\$	6,433,443	\$ 6,952,448	\$ 13,385,891

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,840,339	\$ 1,203,539	\$ 3,043,878
Total Operating Revenues	1,840,339	1,203,539	3,043,878
Operating Expenses:			
Salaries & Wages	293,620	298,007	591,627
Operating Expenses	914,935	727,297	1,642,232
Depreciation	319,200	228,302	547,502
Total Operating Expenses	1,527,755	1,253,606	2,781,361
Operating Income (Loss)	312,584	(50,067)	262,517
Non-Operating Revenues (Expenses):			
Intergovernmental	1,714	1,342	3,056
Interest Expense	(230,490)	(190,223)	(420,713)
Total Non-Operating Revenues (Expenses)	(228,776)	(188,881)	(417,657)
Income (Loss) Before Operating Transfers	83,808	(238,948)	(155,140)
Operating Transfers:			
Transfers In/(Out)	-	270	270
Total Operating Transfers	-	270	270
Change in Net Assets	83,808	(238,678)	(154,870)
Net Assets at Beginning of Year	6,349,635	7,191,126	13,540,761
Net Assets at End of Year	\$ 6,433,443	\$ 6,952,448	\$ 13,385,891

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,887,286	\$ 1,312,445	\$ 3,199,731
Payments to Vendors	(943,472)	(727,784)	(1,671,256)
Payments to Employees	(302,862)	(298,986)	(601,848)
Net Cash Provided by (Used for) Operating Activities	640,952	285,675	926,627
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	-	270	270
Net Cash Provided by (Used for) Noncapital Financing Activities	-	270	270
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental	1,714	1,342	3,056
Proceeds from Bonds - WPAT Project Drawdowns	13,298	10,740	24,038
Acquisition and Construction of Capital Assets	(198,718)	(90,028)	(288,746)
Principal Payments on Bonds and Notes	(478,524)	(377,077)	(855,601)
Interest Expense	(233,992)	(193,101)	(427,093)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(896,222)	(648,124)	(1,544,346)
Net Increase (Decrease) in Cash and Cash Equivalents	(255,270)	(362,179)	(617,449)
Cash and Cash Equivalents at Beginning of Year	1,686,279	3,044,899	4,731,178
Cash and Cash Equivalents at End of Year	\$ 1,431,009	\$ 2,682,720	\$ 4,113,729
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ 312,584	\$ (50,067)	\$ 262,517
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	319,200	228,302	547,502
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(28,537)	(487)	(29,024)
Increase (Decrease) in Accrued Payroll	(6,299)	(3,405)	(9,704)
Increase (Decrease) in Compensated Absences	(2,943)	2,426	(517)
Decrease (Increase) in User Charges Receivable	46,947	108,906	155,853
Total Adjustments	328,368	335,742	664,110
Net Cash Provided by (Used for) Operating Activities	\$ 640,952	\$ 285,675	\$ 926,627

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 65,273	\$ 495,784
Total Assets	65,273	495,784
LIABILITIES		
Warrants Payable	-	2,581
Due to Others	-	3,671
Due to Student Groups	-	110,225
Escrows and Deposits	-	379,307
Total Liabilities	-	495,784
NET ASSETS:		
Held in Trust for Other Purposes	\$ 65,273	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust Funds</u>
Additions	
Contributions:	
Private Donations	\$ 4,400
Total Contributions	<u>4,400</u>
Investment Income:	
Interest & Dividends	<u>508</u>
Total Investment Earnings	<u>508</u>
Total Additions	<u>4,908</u>
Deductions:	
Educational Scholarships	<u>9,068</u>
Total Deductions	<u>9,068</u>
Change in Net Assets	<u>(4,160)</u>
Net Assets at Beginning of Year	<u>69,433</u>
Net Assets at End of Year	<u><u>\$ 65,273</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of East Longmeadow, Massachusetts (the Town) was incorporated in 1894 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2010, it was determined that no entities met the required GASB-14 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the East Longmeadow Housing Authority. This related organization is excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

East Longmeadow Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate families, the elderly and the handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

The accompanying basic financial statements of the Town of East Longmeadow, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods,

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the government

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations.

The government reports the following major proprietary funds:

The *water fund* is used to account for the water activities.

The *sewer fund* is used to account for the sewer activities.

Additionally, the government reports the following fund types:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

The non-major governmental fund consists of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these funds types:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

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E. Investments

State and local statutes place certain limitations on the nature of deposits and investments to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2009 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments, special assessments and other charges shown. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% is charged on the amount of the taxes that have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town of East Longmeadow mailed actual tax bills for the fiscal year 2010 on November 3, 2009 that were due on December 7, 2009 and May 3, 2010.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2010 is \$31,199,427 consisting of a base of \$30,388,386 and a debt exclusion of \$811,041. The total amount raised by taxation was \$31,197,149.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

Excise and Other Taxes

Excise taxes consist of motor vehicle excise, vessel excise and farm animal excise. Motor vehicle and vessel excise taxes are assessed annually for each vehicle and vessel

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registered in the Town, and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel. Farm animal excise is assessed annually for farm machinery and animals and are recorded as receivables in the fiscal year of the levy. The Board of Assessors of the Town is responsible for determining the value of the farm machinery and animals. The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

User Charges

User charges and fees consist of water and sewer that are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

Departmental

Departmental receivables consist primarily of highway fees, payments in lieu of taxes, police off duty, and income and expense penalties added to taxes.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

Special Assessments

Special assessments consists of the water and sewer betterments.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

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G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

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J. Net Assets and Fund Equity

Net assets are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balances represent tentative management plans that are subject to change. Fund balances have been "reserved for" the following:

"Encumbrances and continuing appropriations" represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

"Designated for subsequent years' expenditures" represents the amount of fund balance appropriated to be used for expenditures in the subsequent year's budget. The Town includes the following in the reserve:

General Fund:	
Free Cash	<u>\$ 894,383</u>

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals are provided for various provisions depending on the union contract. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

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M. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% and 70% share of insurance premiums for retirees and spouses for Medicare and PPO and HMO respectively in the general fund in the fiscal year paid. For the fiscal year ending June 30, 2010, the expense/expenditure totaled approximately \$1,754,347. There were approximately 305 participants eligible to received benefits.

N. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

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Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein"

For fiscal year 2010, the Town incurred a final budget deficit of \$1,965,627 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unreserved fund balance:	
Free cash	\$ 1,513,266
Prior year's encumbrances	783,670
Reserved for deficits	(331,309)
	<u>\$ 1,965,627</u>

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2010 were \$18,513,573. Of these, \$2,566,298 were exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

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As of June 30, 2010, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. government agencies	\$ 497,863	\$ -	\$ 497,863
Money market mutual fund	2,319	2,319	-
	500,182	\$ 2,319	\$ 497,863
Other Investments:			
MMDT	404,639		
	<u>\$ 904,821</u>		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$904,821 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's exposure to credit risk as of June 30, 2010 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings	
		Aaa	Not Rated
Debt Securities:			
U. S. government agencies	\$ 497,863	\$ 497,863	\$ -
Money market mutual fund	2,319	-	2,319
	<u>\$ 500,182</u>	<u>\$ 497,863</u>	<u>\$ 2,319</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are in Federal Home Loan Mortgage Corporation amounting to 55.02% of the Town's total investments.

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B. Receivables

At June 30, 2010, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 1,223,049	\$ (21,000)	\$ 1,202,049
Deferred property taxes	27,425	-	27,425
Tax liens	140,485	-	140,485
Excise and other taxes	124,339	(21,300)	103,039
Departmental	15,331	(2,075)	13,256
Due from other governments	7,069,918	-	7,069,918
	<u>\$ 8,600,547</u>	<u>\$ (44,375)</u>	<u>\$ 8,556,172</u>

At June 30, 2010, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 410,312	\$ (80,997)	\$ 329,315
Special assessments	13,802	-	13,802
	<u>424,114</u>	<u>(80,997)</u>	<u>343,117</u>
Sewer Fund:			
User charges	217,570	(1,925)	215,645
Special assessments	332,314	-	332,314
	<u>549,884</u>	<u>(1,925)</u>	<u>547,959</u>
Total business-type activities	<u>\$ 973,998</u>	<u>\$ (82,922)</u>	<u>\$ 891,076</u>

The composition of amounts due from other governments as of June 30, 2010 for governmental funds is as follows:

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Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

School Building Authority:		
School building assistance - capital portion	\$	6,313,068
Department of Revenue:		
Veterans, blind & surviving spouses		53,240
Department of Veterans Services:		
Veterans benefits		<u>38,796</u>
	\$	6,405,104

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch	14,001
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U. S. Department of Education:

School title grants	10,366
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Commonwealth of Massachusetts:

Massachusetts Department of Elementary and Secondary Education:		
State special education reimbursement fund	135,356	
School lunch	1,188	
Executive Office of Public Safety & Homeland Security:		
911 training grant	38,718	
Massachusetts Highway Department:		
Chapter 90 funded projects	<u>465,185</u>	<u>664,814</u>
	\$	<u><u>7,069,918</u></u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2010 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$1,034,049.

The various components of the other deferred revenue reported in the governmental funds were as follows:

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General Fund:

Deferred property taxes	\$	27,425		
Tax liens		140,485		
Excise and other taxes		103,039		
Departmental		300		
Due from other governments		6,345,794	\$	6,617,043

Nonmajor Governmental Funds:

Due from other governments		26,418		
		<u>\$</u>	<u>6,643,461</u>	

C. Capital Assets

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,936,863	\$ 1,250,000	\$ -	\$ 5,186,863
Construction in progress	3,492,734	1,501,232	(4,557,148)	436,818
Total capital assets not being depreciated	7,429,597	2,751,232	(4,557,148)	5,623,681
Capital assets being depreciated:				
Buildings and Renovations	46,298,144	4,572,501	-	50,870,645
Machinery, equipment and other	6,416,073	1,097,281	(514,350)	6,999,004
Infrastructure	1,861,426	1,246,298	-	3,107,724
Total capital assets being depreciated	54,575,643	6,916,080	(514,350)	60,977,373
Less accumulated depreciation for:				
Buildings and Renovations	18,872,971	1,279,919	-	20,152,890
Machinery, equipment and other	4,716,128	618,830	(514,350)	4,820,608
Infrastructure	140,623	120,724	-	261,347
Total accumulated depreciation	23,729,722	2,019,473	(514,350)	25,234,845
Total capital assets being depreciated, net	30,845,921	4,896,607	-	35,742,528
Total governmental activities capital assets, net	\$ 38,275,518	\$ 7,647,839	\$ (4,557,148)	\$ 41,366,209

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Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 1,906,610	\$ 105,356	\$ (2,011,966)	\$ -
Total capital assets not being depreciated	1,906,610	105,356	(2,011,966)	-
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	114,763	-	-	114,763
Infrastructure	36,290,450	2,195,356	-	38,485,806
Total capital assets being depreciated	36,434,810	2,195,356	-	38,630,166
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	34,429	22,953	-	57,382
Infrastructure	19,210,335	524,549	-	19,734,884
Total accumulated depreciation	19,274,361	547,502	-	19,821,863
Total capital assets being depreciated, net	17,160,449	1,647,854	-	18,808,303
Total business-type activities capital assets, net	\$ 19,067,059	\$ 1,753,210	\$ (2,011,966)	\$ 18,808,303

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 17,321
Public safety	167,731
Public works	292,531
Education	1,332,909
Health and human services	53,661
Culture and recreation	155,320
Total depreciation expense - governmental activities	<u>\$ 2,019,473</u>

Business-Type Activities:

Water fund	\$ 319,200
Sewer fund	228,302
Total depreciation expense - business-type activities	<u>\$ 547,502</u>

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D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Stabilization fund	Nonmajor governmental funds	Business-type activities	
General fund	\$ -	\$ 250,000	\$ 505,876	\$ 270	\$ 756,146
Nonmajor governmental funds	438,316	-	-	-	438,316
Total transfers out	<u>\$ 438,316</u>	<u>\$ 250,000</u>	<u>\$ 505,876</u>	<u>\$ 270</u>	<u>\$ 1,194,462</u>

E. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2010
Governmental Activities:						
Municipal Purpose Loan of 2010	1.50%	06/29/11	\$ -	\$ 3,539,168	\$ -	\$ 3,539,168

F. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

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	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2010
Inside Debt:					
Fire station	4.05-5.125%	02/01/96	02/01/11	\$ 1,500,000	\$ 100,000
Library	2.00-5.00%	06/01/03	06/01/23	\$ 1,500,000	975,000
Library	2.00-5.00%	06/01/03	06/01/23	\$ 700,000	455,000
Remodeling projects	3.85%	04/01/05	04/01/22	\$ 1,336,200	955,000
Parking lot	3.85%	04/01/05	04/01/14	\$ 46,800	20,000
Telecommunication systems	3.85%	04/01/05	04/01/15	\$ 100,000	40,000
Modular classrooms	3.85%	04/01/05	04/01/15	\$ 1,400,000	700,000
IT - Fiber Connectively	4.00-6.00%	12/01/05	12/01/25	\$ 36,369	21,600
Backhoe/Loader/Front end	4.00-6.00%	12/01/05	12/01/25	\$ 33,325	19,800
Backhoe/Loader/Front end	4.00-6.00%	12/01/05	12/01/25	\$ 33,325	19,800
Meadow Brook Excavate & Replace Oil Tank	4.00-6.00%	12/01/05	12/01/25	\$ 72,600	42,500
Mountain View Roof Replacement	4.00-6.00%	12/01/05	12/01/25	\$ 582,683	464,500
Town Buildings:					
Replace Gutters and Downspouts	4.00-6.00%	12/01/05	12/01/25	\$ 30,000	18,000
Upgrade Security Locks and Lighting	4.00-6.00%	12/01/05	12/01/25	\$ 32,000	19,200
Meadow Brook Remodeling:					
Restrooms	4.00-6.00%	12/01/05	12/01/25	\$ 48,000	28,800
Electrical	4.00-6.00%	12/01/05	12/01/25	\$ 42,350	25,200
Internal Doors	4.00-6.00%	12/01/05	12/01/25	\$ 35,706	21,000
Mountain View Remodeling	4.00-6.00%	12/01/05	12/01/25	\$ 32,322	18,000
Mapleshade Remodeling:					
Fire Alarm and Intercom	4.00-6.00%	12/01/05	12/01/25	\$ 25,228	15,000
Doors and Windows	4.00-6.00%	12/01/05	12/01/25	\$ 42,588	24,600
Ply Resin Toilets	4.00-6.00%	12/01/05	12/01/25	\$ 36,504	21,000
East Longmeadow High School:					
Stage Lighting	4.00-6.00%	12/01/05	12/01/25	\$ 20,000	4,000
Gym Divider Doors	4.00-6.00%	12/01/05	12/01/25	\$ 55,000	23,000
School remodeling	3.96%	01/15/07	01/15/27	\$ 2,872,000	2,437,000
School remodeling	3.96%	01/15/07	01/15/27	\$ 857,000	722,000
Senior center	3.79%	01/15/07	01/15/17	\$ 410,000	285,000
Fire engine rehabilitation	3.74%	01/15/07	01/12/12	\$ 36,000	14,000
Departmental equipment	3.74%	01/15/07	01/12/12	\$ 135,000	50,000
Computer hardware	3.74%	01/15/07	01/12/12	\$ 250,000	100,000
Town hall remodeling	3.74%	01/15/07	01/12/12	\$ 95,000	35,000
Parking lot lighting	3.74%	01/15/07	01/12/12	\$ 30,000	12,000
Municipal purpose loan of 2009	2.91%	01/15/09	01/15/24	\$ 4,852,000	4,370,000
Massachusetts Water Pollution Abatement Trust:					
GIS project	N/A	10/26/06	08/01/24	\$ 194,098	169,924
GIS project	2.00%	10/26/06	07/15/24	\$ 138,448	124,680
Total Inside Debt					<u>12,350,604</u>
Outside Debt:					
Birchland Park Middle School Construction	4.00-5.00%	08/01/01	08/01/20	\$ 19,660,000	11,380,000
Total Outside Debt					<u>11,380,000</u>
Total governmental type debt					<u>\$ 23,730,604</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Future Debt Service

The annual principal and interest payments to retire all governmental type general obligation long-term debt outstanding as of June 30, 2010, are as follows:

Governmental	Principal	Interest	Total
2011	\$ 2,398,797	\$ 967,281	\$ 3,366,078
2012	2,279,180	870,750	3,149,930
2013	2,164,575	782,123	2,946,698
2014	2,160,085	692,717	2,852,802
2015	2,035,626	604,719	2,640,345
2016-2020	8,815,717	1,829,307	10,645,024
2021-2025	3,477,624	353,686	3,831,310
2026-2027	399,000	22,834	421,834
	<u>\$ 23,730,604</u>	<u>\$ 6,123,417</u>	<u>\$ 29,854,021</u>

General obligation bonds currently outstanding of the business type fund are as follows:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
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June 30, 2010

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2010
Inside Debt:					
Sewer:					
Prospect Street	4.05-5.125%	02/01/96	02/01/11	\$ 250,000	\$ 16,000
Meadowbrook/Pineywoods/ Brier Lane	4.05-5.125%	02/01/96	02/01/11	\$ 100,000	6,000
Somers, Bettswood and Denslow Road	4.00-5.00%	08/01/01	08/01/21	\$ 795,000	475,000
Meadowbrook Road and Parker Street	4.00-5.00%	08/01/01	08/01/21	\$ 361,000	200,000
Somers Road	4.00-5.00%	08/01/01	08/01/21	\$ 189,000	110,000
Orchard Road	4.00-5.00%	08/01/01	08/01/13	\$ 60,000	20,000
Chestnut Street Force Main	2.00-5.00%	06/01/03	06/01/23	\$ 650,000	422,500
Upgrade Denslow Road Pumping Station	2.00-5.00%	06/01/03	06/01/23	\$ 200,000	130,000
Replacement Vineland Avenue Pumping Station	2.00-5.00%	06/01/03	06/01/23	\$ 1,800,000	1,171,250
Parker Street and Meadowbrook Road	2.00-5.00%	06/01/03	06/01/23	\$ 100,000	65,000
Somers and Ainslie Roads	2.00-5.00%	06/01/03	06/01/13	\$ 50,000	15,000
Replace North Main Street	2.00-3.00%	06/01/03	06/01/23	\$ 1,225,000	796,250
Redstone Drive	2.00-5.00%	06/01/03	06/01/23	\$ 250,000	162,500
Pecousic	2.00-5.00%	06/01/03	06/01/23	\$ 100,000	65,000
Bike Trail	2.00-5.00%	06/01/03	06/01/23	\$ 450,000	292,500
Discharge Meters	3.85%	04/01/05	04/01/21	\$ 156,000	105,000
Pease, Prospect and Old Farm Roads	3.85%	04/01/05	04/01/17	\$ 120,000	70,000
Mill Road Sanitary Sewer Construction	4.00-6.00%	12/01/05	12/01/25	\$ 250,000	194,000
Massachusetts Water Pollution					
Abatement Trust:					
GIS Project	N/A	10/26/06	08/01/24	\$ 76,907	67,328
GIS Project	2.00%	10/26/06	07/15/24	\$ 54,857	49,402
Total Inside Debt					<u>\$ 4,432,730</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2010
Outside Debt:					
Water:					
Mains - Kibbe/Pease/Porter	4.05-5.125%	02/01/96	02/01/11	\$ 982,000	\$ 63,000
Mains - Hampden Road	4.00-5.00%	08/01/01	08/01/21	\$ 700,000	420,000
Mains - Elm Street and Low Pressure Water System	4.00-5.00%	08/01/01	08/01/21	\$ 150,000	70,000
Mains - Westwood Avenue	4.00-5.00%	08/01/01	08/01/16	\$ 75,000	35,000
Tank Painting	2.00-5.00%	06/01/03	06/01/23	\$ 100,000	65,000
Mains - Elm Street	2.00-5.00%	06/01/03	06/01/23	\$ 800,000	516,500
Mains - Westwood Avenue	2.00-5.00%	06/01/03	06/01/23	\$ 525,000	341,250
Mains - Westwood Avenue	2.00-5.00%	06/01/03	06/01/23	\$ 225,000	146,250
Mains - Lee Street, Parker Street and Meadowbrook Road	2.00-5.00%	06/01/03	06/01/23	\$ 800,000	520,000
Mains - Parker Street	2.00-5.00%	06/01/03	06/01/23	\$ 1,150,000	730,000
Mains - Meadow Road Birchland	2.00-5.00%	06/01/03	06/01/23	\$ 640,000	416,000
Mains - Pease, Prospect and Old Farm Roads	3.85%	04/01/05	04/01/18	\$ 130,000	80,000
Water meters	3.85%	04/01/05	04/01/15	\$ 80,000	40,000
Water tower	4.00-6.00%	12/01/05	12/01/25	\$ 2,500,000	2,000,000
Massachusetts Water Pollution Abatement Trust:					
GIS Project	N/A	10/26/06	08/01/24	\$ 95,218	83,359
GIS Project	2.00%	10/26/06	07/15/24	\$ 67,918	61,164
Total Outside Debt					5,587,523
Total Inside Debt					4,432,730
Total business-type debt					<u>\$ 10,020,253</u>

Future Debt Service

The annual principal and interest payments to retire all business-type general obligation long-term debt outstanding as of June 30, 2010, are as follows:

Business-Type	Principal	Interest	Total
2011	\$ 856,008	\$ 396,680	\$ 1,252,688
2012	766,348	365,526	1,131,874
2013	761,699	331,900	1,093,599
2014	762,151	294,374	1,056,525
2015	752,631	265,769	1,018,400
2016-2020	3,650,542	908,321	4,558,863
2021-2025	2,334,874	227,957	2,562,831
2026	136,000	2,975	138,975
	<u>\$ 10,020,253</u>	<u>\$ 2,793,502</u>	<u>\$ 12,813,755</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

A summary of the changes in long term debt during the year is as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due within One Year
Governmental activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 25,836,000	\$ -	\$ 2,400,000	\$ 23,436,000	\$ 2,383,000
<i>Massachusetts Water Pollution Abatement Trust</i>	309,941	-	15,337	294,604	15,797
<i>OPEB Obligation Payable</i>	3,103,455	5,367,051	-	8,470,506	-
<i>Compensated absences</i>	457,950	55,320	60,930	452,340	325,140
Governmental activity					
Long-term liabilities	<u>\$ 29,707,346</u>	<u>\$ 5,422,371</u>	<u>\$ 2,476,267</u>	<u>\$ 32,653,450</u>	<u>\$ 2,723,937</u>
Business type activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 10,601,000	\$ -	\$ 842,000	\$ 9,759,000	\$ 842,000
<i>Massachusetts Water Pollution Abatement Trust</i>	274,854	-	13,601	261,253	14,008
<i>Compensated absences</i>	57,465	2,428	2,945	56,948	29,516
Business-type activity long term					
Long-term liabilities	<u>\$ 10,933,319</u>	<u>\$ 2,428</u>	<u>\$ 858,546</u>	<u>\$ 10,077,201</u>	<u>\$ 885,524</u>

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2010 totaled \$16,783,334.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2010

Equalized Valuation-Real Estate and Personal Property (2008)		<u>\$ 2,015,153,300</u>
Debt Limit: 5 % of Equalized value		<u>\$ 100,757,665</u>
Total Debt Outstanding	\$ 33,750,857	
Less: Debt Outside Debt Limit	(16,967,523)	<u>16,783,334</u>
Inside Debt Excess Borrowing Capacity at June 30, 2010		<u>\$ 83,974,331</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2010 and are not reflected in the Town's financial statements are as follows:

Date of Town Meeting Authorized	Purpose	Amount
05/02/05	Mountain View - new classroom exhaust	\$ 302
05/01/06	School remodeling	92
05/01/06	Departmental equipment	426
05/01/06	School remodeling - elementary classrooms	25
05/10/07	Meadowbrook school - replace motor and coils	221
05/19/08	Health department - landfill Somers & Allen Street	138,000
05/17/10	Police cruisers	71,005
05/17/10	IT department - phone system - police and fire	35,000
05/17/10	IT department - phone system - MS & MB	200,000
05/17/10	IT department - computer replacement	50,000
05/17/10	IT department - server technology upgrade	60,000
05/17/10	School turf athletic field	1,500,000
05/17/10	Mapleshade school new heating system and design	300,000
05/17/10	Meadowbrook school integrated intercom system	45,000
05/17/10	Meadowbrook school asphalt playground	70,000
05/17/10	Mountain View school asphalt playground	70,000
05/17/10	Dump truck no. 9 repair	25,000
05/17/10	Council on aging renovations	200,000
05/17/10	Fuel pump control system replacement	30,000
05/17/10	Sidewalks	75,000
05/17/10	Sewer pump station upgrades	1,104,000
		<u>\$ 3,974,071</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Massachusetts Water Pollution Abatement Trust (MWPAT)

The Town has borrowed funds from the MWPAT Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust).

The Town currently has two loans that are allocated between the governmental funds and the business-type funds as follows:

- The Town has a gross obligation of \$1,028,860 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of \$170,532 resulting in a net loan repayment of \$858,328.
- The Town has a gross obligation of \$310,168 representing the gross principal and interest repayments amounts.

The following is a summary of the activity of the Water Pollution Abatement Project Bond Resolution:

No. CW 03-18

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	\$ 657,322	\$ 371,538	\$ 1,028,860	\$ 170,532	\$ 858,328
Restructuring Repayments:	(243,557)	(137,208)	(380,765)	(60,498)	(320,267)
2005	-	5,884	5,884	2,453	3,431
2006	23,586	30,855	54,441	12,075	42,366
2007	23,956	27,051	51,007	10,746	40,261
2008	14,789	16,999	31,788	6,786	25,002
2009	15,199	16,402	31,601	6,590	25,011
2010	15,624	15,783	31,407	6,389	25,018
	<u>\$ 320,611</u>	<u>\$ 121,356</u>	<u>\$ 441,967</u>	<u>\$ 64,995</u>	<u>\$ 376,972</u>

No. CW 03-18A

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	\$ 261,223	\$ 48,945	\$ 310,168	\$ -	\$ 310,168
Restructuring Repayments:	-	(1,576)	(1,576)	-	(1,576)
2009	12,663	5,490	18,153	-	18,153
2010	13,314	4,838	18,152	-	18,152
	<u>\$ 235,246</u>	<u>\$ 37,041</u>	<u>\$ 272,287</u>	<u>\$ -</u>	<u>\$ 272,287</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

G. Special Trust Funds

Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

At June 30, 2010, \$1,753,163 has been set aside in a stabilization fund, which is classified as a major fund in the governmental funds financial statements.

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Town Meeting – Fiscal Year 2011

The Town of East Longmeadow operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2010 do not reflect the fiscal year 2011 Town Meeting action, with the exception of Unreserved Fund Balance-Designated for Subsequent Years' Expenditures as disclosed below. The Annual Town Meeting on May 17, 2010 authorized a fiscal year 2011 operating and capital budget as follows:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

From the tax levy	\$ 46,249,717
From water revenue	1,422,397
From water retained earnings	150,000
From sewer revenue	1,099,478
From sewer retained earnings	72,800
From community preservation funds	330,000
From trash revolving	150,000
From other Available Funds:	
(Designated for Subsequent Years' Expenditures)	
Major Fund:	
General Fund - Undesignated	894,383
fund balance (Free Cash)	<u>\$ 50,368,775</u>

C. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

Federal Financial Assistance

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

D. Pension Plan

Plan Description

The Town, as a member of the Hampden County Regional Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Hampden County Regional Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll.

Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,262,733 for the fiscal year ending June 30, 2010, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The System and the teachers' retirement system provide retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Hampden County Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 67 Hunt Street, Suite 116, Agawam, Massachusetts.

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2010, 2009 and 2008 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2010	\$ 1,768,692
2009	1,731,955
2008	1,682,850

The last actuarial valuation was prepared by Buck Consultants, LLC as of January 1, 2008. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.5% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2008 is as follows:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Actuarial Accrued Liability	\$ 363,670,449
Assets	241,788,905
Unfunded Actuarial Liability	<u>\$ 121,881,544</u>

The Town's portion of such liability is approximately 11.28% or \$13,748,238.

Reporting Policies

The funds of the Hampden County Regional Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

E. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

-The Town provides the following plan types, HNE HMO, BCBS Network Blue of NE, Tufts HMO, Blue Cross Elect PPO, Medex 3, Tufts Medicare Complement, HNE Medwrap Plan, Managed Blue for Seniors, Medicare HMO Blue and Tufts Medicare Preferred. The Town belongs to the Scantic Valley Regional Health Trust.

-An employee in Group 1 shall become eligible to retire under this plan upon meeting one of the following conditions:

1. Retirement at age 55 with 10 years of creditable service.
2. Retirement at any age with 20 years of creditable service.

-Employees will pay 50% of premiums in retirement.

-The Town also pays 50% of the retiree life insurance premium.

The number of participants as of December 31, 2009, the effective date of the OPEB valuation, follows:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Active members	305
Retirees	<u>377</u>
Total	<u><u>682</u></u>

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2010 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,754,347.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Normal Cost	\$ 3,755,328
Amortization of unfunded actuarial accrued liability	<u>3,354,967</u>
Annual required contribution	7,110,295
Interest on net OPEB obligation	124,138
Adjustment to annual required contribution	<u>(113,035)</u>
Annual OPEB cost (expense)	7,121,398
Contributions made during the fiscal year	<u>1,754,347</u>
Increase in net OPEB obligation	5,367,051
Net OPEB Obligation - beginning of year	<u>3,103,455</u>
Net OPEB Obligation - end of year	<u><u>\$ 8,470,506</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2010 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	N/A	N/A	N/A
06/30/09	\$ 4,677,455	33.65%	\$ 3,103,455
06/30/10	\$ 7,121,398	24.63%	\$ 8,470,506

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Funded Status and Funding Process

As of December 31, 2009, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$93,937,482, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$93,937,482. The covered payroll (annual payroll of active employees covered by the plan) was not available or the ratio of the UAAL

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
12/31/07	\$ -	\$ 61,704,179	\$ 61,704,179	0%	N/A	N/A
12/31/09	\$ -	\$ 93,937,482	\$ 93,937,482	0%	N/A	N/A

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town OPEB actuarial valuation as of December 31, 2009, used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00% rate of return on invested assets. The actuarial assumptions also include a investment rate of return of 4.0%, a general inflation of 3.50% per annum and medical/drug cost trend rate at 9.0% decreasing by 0.75% for 5 years and by 0.25% for 1 year to an ultimate level of 5.00% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis.

SUPPLEMENTARY SCHEDULES

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Fund Balances		Revenues		Expenditures	Other Financing Sources (Uses)	Fund Balances
	July 1, 2009						June 30, 2010
Special Revenue:							
Federal and State Grants:							
School Grants	\$ 46,657	\$	1,871,646	\$	1,799,393	\$	- \$ 118,910
Arts Lottery Council Grants	9,712		4,343		3,060		- 10,995
Board of Health Grants	23,325		-		-		- 23,325
Council on Aging Grants	(3,284)		47,622		42,821		- 1,517
Extended Polling Hours	5,625		10,748		-		- 16,373
Highway Grants	-		700,954		700,954		- -
Library Grants	90,095		27,003		29,868		- 87,230
Medical Reserve Corps Grant	-		10,000		206		- 9,794
Clean Energy Choice Program	-		6,715		-		- 6,715
Other Grants and Programs	11,987		-		-		- 11,987
Public Safety Grants	433		80,124		77,839		- 2,718
Schools:							
School Lunch Program	136,990		820,642		787,423		- 170,209
School Lunch Commodities	-		45,645		45,645		- -
School Busing	20,539		193,801		195,674		- 18,666
School Gifts and Donations	17,495		18,584		21,390		- 14,689
School Revolving Accounts	156,116		670,247		341,913	(217,790)	- 266,660
State Special Education Reimbursement Fund	178,186		590,623		604,335	-	- 164,474
Other:							
Cable Access Revolving	289,948		240,952		126,395		- 404,505
Center Hill Park Revolving	1,263		-		-		- 1,263
Community Preservation Fund	605,932		272,960		18,573		- 860,319
Dog Fund Revolving	17,272		23,113		2,954		- 37,431
Flu Shots Revolving	3,366		1,800		1,116		- 4,050
Gifts and Donations	9,657		2,517		750		- 11,424
Insurance Reimbursements	64,905		38,002		19,192		- 83,715
Library Revolving Funds	685		4,778		4,727		- 736
Reserve for Payment of Debt - MSBA	1,254,874		182,688		-	(70,526)	- 1,367,036
Parking Tickets Revolving	16,339		95		-		- 16,434
Police Off Duty Details	(16,772)		224,335		202,999		- 4,564
Recreation Revolving	263,874		442,877		399,237		- 307,514
Trash Revolving	200,486		119,765		12,182	(150,000)	- 158,069
Wetlands Protection Act	42,598		2,588		-		- 45,186
Ambulance Fund	46		-		-		- 46
Special Revenue Page 55	\$ 3,448,349	\$	6,655,167	\$	5,438,646	\$	(438,316) \$ 4,226,554

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Fund Balances July 1, 2009	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2010
Continued from Page 55	\$ 3,448,349	\$ 6,655,167	\$ 5,438,646	\$ (438,316)	\$ 4,226,554
Special Revenue (continued):					
Other (continued):					
Conservation Funds	36,041	207	-	-	36,248
Council on Aging Funds	38,161	76,206	66,248	-	48,119
Friends of Heritage Park	293	1	-	-	294
Historical Commission	9,013	1,880	4,985	-	5,908
Pension Reserve Fund	108,004	620	-	-	108,624
Police Gymnasium Fund	-	2,240	1,710	-	530
Recreation Fund	14,226	628	140	-	14,714
Shaker Road Relief Fund	3,863	-	-	-	3,863
Town Beautification Fund	327	1	-	-	328
Traffic Signal Fund	800	5	-	-	805
Unemployment Compensation Fund	69	1	-	-	70
Total Special Revenue Funds	3,659,146	6,736,956	5,511,729	(438,316)	4,446,057

Capital Projects:

Department of Public Works Equipment	33,850	-	193,701	(10,212)	(170,063)
Fire Department Projects	333,523	-	266,128	-	67,395
GIS Project	30,887	-	31,245	-	(358)
Information Technology Connectivity	30,226	-	85,348	3,578	(51,544)
Landfill Projects	116,800	-	-	-	116,800
Library Reconstruction	(249,022)	-	-	249,022	-
Munis Financial Software	21,143	-	3,287	-	17,856
Police Projects	17,881	-	93,280	31,263	(44,136)
Purchase of Land	-	-	1,250,000	-	(1,250,000)
Recreation Projects	59	-	9,510	-	(9,451)
Road Projects	39,750	-	-	-	39,750
Roof Repairs	7,324	-	-	-	7,324
School Improvement Projects	2,027,066	-	2,370,076	(85,657)	(428,667)
Senior Center Projects	41,241	-	246,717	317,882	112,406
Sidewalk Construction	75,000	-	143,744	-	(68,744)
Town and School Improvements	67	-	-	-	67
Capital Projects Page 56	\$ 2,525,795	\$ -	\$ 4,693,036	\$ 505,876	\$ (1,661,365)

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Fund Balances July 1, 2009	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2010
Continued from Page 56					
Capital Projects Continued					
Selectmen Record & Storage Filing System		-	4,693,036	505,876	\$ (1,661,365)
Town Communication	20,662	-	9,193	-	11,469
Town Hall Projects	931	-	-	-	931
	50,225	30	12,755	-	37,500
Total Capital Projects	\$ 2,597,613	\$ 30	\$ 4,714,984	\$ 505,876	\$ (1,611,465)
Permanent Funds:					
Cemetery Funds	\$ 2,762	16	\$ -	\$ -	2,778
Library Funds	22,621	5,233	9,599	-	18,255
Total Permanent Funds	25,383	5,249	9,599	-	21,033
Total - Non-Major Governmental Funds	\$ 6,282,142	\$ 6,742,235	\$ 10,236,312	\$ 67,560	\$ 2,855,625

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES AND
DEFERRED PROPERTY TAXES AND COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2009 TO JUNE 30, 2010

	Uncollected Taxes July 1, 2009	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2010	Uncollected Taxes Per Detail June 30, 2010
\$	-	\$ 30,589,436	\$ 167,740	\$ 29,713,475	\$ 708,221	\$ 708,221
Levy of 2010						
Levy of 2009	750,046	441	24,866	467,471	258,150	258,150
Levy of 2008	286,653	-	10,263	119,022	157,368	157,341
Levy of 2007	142,455	-	47,787	88,655	6,013	6,013
Levy of 2006	8,952	-	4,930	4,970	(948)	(948)
Prior Years	62,485	-	18,718	(12,846)	56,613	56,613
	1,250,591	30,589,877	274,304	30,380,747	1,185,417	1,185,390

Real Estate Taxes:

Personal Property Taxes:

Levy of 2010	-	630,177	2,327	615,668	12,182	12,182
Levy of 2009	4,503	-	53	2,190	2,260	2,260
Levy of 2008	710	-	61	937	(288)	(288)
Levy of 2007	2,233	-	-	282	1,951	1,951
Levy of 2006	1,400	-	3	421	976	976
Prior Years	18,082	-	(4)	59	18,027	18,027
	26,928	630,177	2,440	619,557	35,108	35,108

**Total Real Estate and Personal
Property Taxes**

\$	1,277,519	\$ 31,220,054	\$ 276,744	\$ 31,000,304	\$ 1,220,525	\$ 1,220,498
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Deferred Property Taxes

\$	25,198	\$ 2,227	\$ -	\$ -	\$ 27,425	\$ 27,425
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**Non-Major Governmental Funds:
Community Preservation Surcharge:**

Levy of 2010	-	202,541	1,469	200,125	947	947
Levy of 2009	(3,392)	4	168	(4,278)	722	730
Levy of 2008	1,470	-	100	555	815	798
Levy of 2007	660	-	174	446	40	40
	(1,262)	202,545	1,911	196,848	2,524	2,515

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE, BOAT EXCISE AND FARM ANIMAL EXCISE TAXES
JULY 1, 2009 TO JUNE 30, 2010

	Uncollected Taxes July 1, 2009	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2010	Uncollected Taxes Per Detail June 30, 2010
Motor Vehicle Excise Taxes:						
Levy of 2010	\$ -	\$ 1,521,264	\$ 29,051	\$ 1,425,074	\$ 67,139	\$ 67,139
Levy of 2009	62,962	216,285	19,463	241,097	18,687	18,687
Levy of 2008	21,601	1,018	3,758	8,203	10,658	10,658
Levy of 2007	8,217	-	1,003	1,434	5,780	5,780
Levy of 2006	7,710	-	180	961	6,569	6,569
Prior Years	15,150	-	2,184	553	12,413	12,413
	<u>115,640</u>	<u>1,738,567</u>	<u>55,639</u>	<u>1,677,322</u>	<u>121,246</u>	<u>121,246</u>

Boat Excise Taxes:

Levy of 2009	-	3,554	143	2,851	560	560
Levy of 2008	704	-	-	161	543	543
Levy of 2007	595	-	110	50	435	435
Levy of 2006	385	-	-	10	375	375
Levy of 2005	230	-	-	-	230	230
Prior Years	1,140	-	-	265	875	875
	<u>3,054</u>	<u>3,554</u>	<u>253</u>	<u>3,337</u>	<u>3,018</u>	<u>3,018</u>

Farm Animal Excise Taxes

	75	-	-	-	75	75
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**Total Motor Vehicle Excise, Boat Excise
and Farm Animal Excise Taxes**

\$ 118,769	\$ 1,742,121	\$ 55,892	\$ 1,680,659	\$ 124,339	\$ 124,339
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TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2009 TO JUNE 30, 2010

	Uncollected Accounts July 1, 2009	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2010	Uncollected Accounts Per Detail June 30, 2010
Tax Liens	\$ 101,063	\$ 76,317	\$ 78	\$ 36,817	\$ 140,485	\$ 140,485